

State of South Dakota

SEVENTY-NINTH SESSION
LEGISLATIVE ASSEMBLY, 2004

554J0430

HOUSE BILL NO. 1036

Introduced by: The Committee on Retirement Laws at the request of the South Dakota Retirement System

1 FOR AN ACT ENTITLED, An Act to revise the cost of purchasing uncredited public service
2 in the South Dakota Retirement System.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 3-12-83 be amended to read as follows:

5 3-12-83. A current contributing member of the system may receive credited service by
6 election to make, or have made on the member's behalf, contributions, based on the higher of
7 the member's current compensation, or the member's final compensation calculated as if the
8 member retired on the date of election, at ~~seventy-five percent of twice~~ an actuarially-
9 determined percentage times the member rate, for each year of service for which the member
10 wishes to receive credit, if:

11 (1) The current contributing member of the system could have established credit for any
12 South Dakota public service by making contributions under this chapter or any prior
13 law; or

14 (2) The current contributing member was not permitted to establish credit for any South
15 Dakota public service.



1 The amount of the credited service and the rate of contribution shall be at class A rates
2 unless the service for which credit is sought was rendered as a class B member in which case
3 class B rates shall apply. If a participating unit has failed to pay employer or member
4 contributions to the system on behalf of a member as required under this chapter or under any
5 predecessor system consolidated pursuant to § 3-12-46, the amount due the system shall be
6 calculated in accordance with this section.

7 The member rate in effect as of July 1, 2001, shall be used in calculation of the purchase
8 cost of any service performed prior to July 1, 2002, if a contract to purchase such service is in
9 place prior to July 1, 2004. The member rate in effect on and after July 1, 2002, shall be the
10 basis for calculation of the purchase cost of any service if the contract to purchase such service
11 is not in place until on or after July 1, 2004.

12 Section 2. That § 3-12-84 be amended to read as follows:

13 3-12-84. If a current contributing member of this system has other public service for which
14 the member is not entitled to retirement benefits from another public retirement system, the
15 member may elect to deposit or have deposited on the member's behalf an amount equal to
16 ~~seventy-five percent of twice~~ an actuarially-determined percentage times the Class A rate of
17 contribution multiplied by the higher of the member's annual compensation at the time of
18 making the election, or the member's final compensation calculated as if the member retired on
19 the date of the member's election, for each year of other public service for which the member
20 wishes to receive credit as a Class A member.

21 The member rate in effect as of July 1, 2001, shall be used in calculation of the purchase
22 cost of any service performed prior to July 1, 2002, if a contract to purchase such service was
23 in place prior to July 1, 2004. The member rate in effect on and after July 1, 2002, shall be the
24 basis for calculation of the purchase cost of any service if the contract to purchase such service

1 is not in place until on or after July 1, 2004.

2 Section 3. That § 3-12-130 be amended to read as follows:

3 3-12-130. A current contributing Class B member other than a justice, judge, or magistrate
4 judge, may convert credited service as a county sheriff or deputy county sheriff prior to
5 January 1, 1980, or credited service as a county sheriff or deputy county sheriff while not
6 certified from January 1, 1980, to June 30, 1988, inclusive; credited service as a policeman
7 while not certified from July 1, 1983, to June 30, 1988, inclusive; credited service as a
8 penitentiary correctional staff member prior to July 1, 1978; credited service as a conservation
9 officer prior to July 1, 1983; credited service as a parole agent prior to July 1, 1991; and credited
10 service as an air rescue firefighter prior to July 1, 1992, from credited service as a Class A
11 member with benefits provided in accordance with § 3-12-91 to credited service as a Class B
12 member other than a justice, judge, or magistrate judge, with benefits provided in accordance
13 with § 3-12-92, by election to make, or have made on the member's behalf, contributions based
14 on the higher of the member's current compensation, or the member's final compensation
15 calculated as if the member retired on the date of election ~~at a rate of four and one-half percent~~
16 ~~for, at an actuarially-determined percentage times~~ each year of service for which the member
17 wishes to receive such Class B credit. The provisions of this section also apply to a current
18 contributing Class B member, other than a justice, judge, or magistrate judge, who previously
19 has purchased equivalent public service pursuant to the provisions of § 3-12-84.

20 Payment of a deposit with the system for the conversion of credited service in accordance
21 with this section shall be determined and due at the time the notice of intention to make the
22 payment is received by the system. The amount due may be paid by periodic level installments
23 over a period of up to ten years, the value of which, if discounted for interest at the current
24 effective rate as established by the board pursuant to § 3-12-121 for investment return for

1 purposes of the actuarial valuation, is equal to the amount due at the date of the notice. If a
2 member dies before completion of the installment payments, the surviving spouse may complete
3 the payments due the system, but unless the payments are being made by a participating unit,
4 the amount shall be paid in full within ninety days of the member's death or retirement. If the
5 periodic payments are not completed or paid when due, the administrator may make a pro rata
6 adjustment to the credited service, benefits payable under this chapter or schedule of payments
7 to allow for the default.

8 If the credited service of any member or group of members becomes Class B credited service
9 on a prospective basis on or after July 1, 1993, the prior credited service as a Class A member
10 may be converted to Class B credited service in accordance with this section. If a jailer becomes
11 a Class B member other than a justice, judge, or magistrate judge pursuant to subdivision
12 3-12-47(25) or subdivision 3-12-47(55), the jailer is eligible to convert prior credited service
13 as a jailer under this section.

14 Section 4. That § 3-12-130.1 be amended to read as follows:

15 3-12-130.1. If a current contributing class B member of this system, other than a justice, a
16 judge, or a magistrate judge, has equivalent public service for which the member is not entitled
17 to retirement benefits from another public retirement system, the member may elect to deposit
18 or have deposited on the member's behalf an amount equal to ~~seventy-five percent of twice an~~
19 actuarially-determined percentage times the appropriate class B rate of contribution multiplied
20 by the higher of the member's annual compensation at the time of making the election, or the
21 member's final compensation calculated as if the member retired on the date of the election, for
22 each year of equivalent public service for which the member wishes to receive credit as a class
23 B member.